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SEC BRIEFING

16 February 1956

OUTLOOK FOR LAOS

- I. World's attention in past weeks has been absorbed in drama of Formosa Straits and downfall of Malenkov. At same time, some developments in Associated States of Indochina--and particularly in remote mountain kingdom of Laos--have been less than favorable to free world.
- II. Communists in Laos are working hard to consolidate control over two northern provinces (Sam Neua, Phong Saly), undoubtedly with view to further extending influence in rest of kingdom and possibly on into Thailand's vulnerable northeastern provinces.
 - A. Viet Minh is giving both military aid and advice to puppet Pathet Lao regime.
 - B. Also giving Pathets political guidance in their negotiations for a place in royal Laos government.

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Should negotiations fail, Vientiane is developing "indigenous nationalist leaders" for Pathets--will have an established "People's Government" on the Tonkin frontier and can go on from there.

2. Should negotiations succeed, Pathets will be in good position to try subversion of royal government.

3. It appears to be on side of Communists (conclusion of O/NE staff study).

4. US Minister in Vientiane says that unless two "lost" provinces brought under royal control in next two or three months, Communists probably will have succeeded in establishing effective separate Pathet regime.

5. Meanwhile, Laotian Premier Katay being supported in his policy of negotiations by Indian chairman ICC in Laos.

6. Chairman's "illusions" about nationalist character of Pathets apparently unshak-

In this connection, recent speech from throne (17 Feb), drafted by Premier, characterized Pathets as "those who erred in past strife" and invited their return to "great Laotian family."

1. Speech plugged for friendly Laotian relations with all neighbor states; cited hope that Laos could become "small peace zone inside greater peace zone which some Asian nations endeavoring to promote."

2. Announced "full adherence" to "five principles," development of which attributed to "great Indian Republic" (rather than to Peking).

Y. Crown Prince Savang (dominant Laotian political figure) being strongly critical of Premier Katay's naive faith in negotiations with "wayward" Pathets.

3. Prince says Katay's opponents within cabinet ready to oust Premier's fall

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B. Prince prescribes firmer action
(force, if necessary) against Pathets
within a month.

C. Unfortunately, remains doubtful whether
royal army could recover "lost"
provinces by force of arms.